



# Examiners' Report Principal Examiner Feedback

October 2020

Pearson Edexcel GCE AS Level  
In Business (8BS0)  
Paper 2: Managing business activities

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Publications Code 8BS0\_02\_2010\_ER

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## **Introduction:**

This report provides feedback on 8BS02 'Managing Business Activities', the second paper which comprises the AS Level qualification in Business. This report should be used by centres to provide teachers and students with guidance as to how to approach the various question types going forward. It could be used to fine-tune the approach students use to answer the questions in future examination series.

This year, the cohort was a small fraction of the normal entry, with only 19 students opting to sit this examination. Therefore, it is likely that very limited conclusions can be drawn from the performance of students in this examination series. This needs to be taken into consideration when acting on the following comments and recommendations.

### **Question 1(a):**

Students generally had some understanding of what 'share capital' was. The mistakes that were made by some students were to offer a definition that was vague eg 'It is where shares are used to raise external capital' or 'selling shares'.

As has been recommended in the past, a definitions sheet could allow students to secure 8 marks on 'what is meant by....' questions. These questions represent 10% of the available marks on the paper.

### **Question 1(b):**

Most students could answer the question 'What is meant by productivity'. Students either understood the term and scored 2 marks or had no idea and scored zero marks. Students who demonstrated some understanding by stating 'it is where efficiency improves', or something similar, scored 1 mark.

### **Question 1(c):**

Of the three 'Calculate...' questions, this question was answered least well. Students either knew how to answer the question, or they did not. Those that did not, resorted to trial and error and just added or subtracted the various values that were provided in Extract B.

Considering 10% of the AS qualification must test quantitative skills. Thus, students are still not learning formulae and practising answering this kind of question. With 12 marks of 'Calculate' questions on this year's paper – this style of question style represents 15% of the available marks. Centres are reminded to consult Appendix 4: Accounting ratios of the AS specification document on page 53, in addition to what is included in the main body of the specification.

**Question 1(d):**

This question was well-answered and was the best scoring of the three 'Calculate' questions. Students were able to calculate the acid-test ratio, but many lost a mark by not giving their answer, correctly, to two decimal places.

**Question 1(e):**

This question was reasonably well answered. Most students tended to focus on changing demand or changing technology as reasons as to why it was difficult to make accurate sales forecasts. The command word in the question was 'Assess...' but too many students failed to provide any counterbalance to the difficulties that they had articulated within their response. It was also disappointing that relatively few students applied their answer to Extract A, and instead produced generic responses. Reading Extract A, would help students to generate evaluation (AO4) since they could have picked up on the fact that the 'Versius' robot helped reduce the costs of performing operations. Therefore, students could have made the point that this possibly helped to make sales forecasts more robust over the short-term, since hospitals were much more likely to purchase it. There were other evaluative clues in Extract A which were not picked up on. Eg Students should be continually advised to read the accompanying extracts.

**Question 1(f):**

This question was very badly answered. Despite many students being able to define 'liquidity', responses quickly drifted off into answers about profit, revenue and costs. Alternatively, students saw 'product development' in the question and decided to write an answer about that, ignoring 'liquidity' in its entirety. Only two students, out of a very small cohort, managed to generate a response which scored a mark above Level 2 for this question. Questions on 'liquidity and cash flow' remain an area which students have clear difficulties with. Centres are advised to focus their efforts in the classroom on this topic area.

**Question 2(a):**

This was the weakest of the four 'What is meant by the term...' questions. Most students thought that 'trade credit' was the same as the 'creditors period'. Whilst some understanding was shown, these responses could only score one mark, since they did not directly answer the question. No candidate scored the full 2 marks in this question.

**Question 2(b):**

Most students were able to score full marks on this question. This was, by far, the most straightforward 'What is meant by the term...' question. Students had few difficulties in securing both marks on offer and it was clear that they knew what 'internal finance' was.

**Question 2(c):**

This was a straightforward percentage change 'Calculate...' question. Most students scored full marks. The ones that did not, failed to give their answer to 2 decimal places or failed to realise that the percentage change was negative. Examiners accepted a '-' sign or the word 'decrease'. A small minority of students did not know that they had to find the difference between the two figures and then divide by the initial figure. Therefore, they simply divided the new figure by the original figure. These students scored 0 marks.

**Question 2(d):**

The 'Explain how...' questions remain badly answered and there is no reason why they should be. Centres are not picking up on the fact that there must be two strands of applied explanation within a candidate's response to this style of question. In the mark scheme it is made clear that there are two marks for 'AO2' or 'Application'. Sadly, most responses showed 'Knowledge and Understanding (AO1)' of '...employee protection legislation', but none of what was written was applied to a high street department store. Hence, many students limited themselves to a maximum of 2 marks. The 2 marks were scored for 'Knowledge and Understanding (AO1) and correct Analysis (AO3).

**Question 2(e):**

This should have been a straightforward question, but a significant minority of students managed to over-complicate their answers despite writing the mnemonic 'SPICED' at the top of their response. Some students mixed up 'cost' and 'price' and others just proceeded to give a pre-rehearsed answer about imports becoming more expensive and exports becoming cheaper. Very few students used Extract C to contextualise their response or thought about whether the 'exports becoming cheaper' argument applied to a department store group with UK-based, high-street stores. Most responses were placed in Level 2.

**Question 2(f):**

This question required students to consider the pros and cons of Debenhams operating in a more competitive environment. There were some very good one-sided answers that considered the drawbacks to Debenhams in terms of lost market share and lower profit margins (due to the fact that they had to lower prices), but very few answers were able to offer counterbalance. Thus, most responses were one-sided. However, most students were able to offer contextualisation in the form of the growing threat of internet retailing and other department store groups such as House of Fraser and John Lewis.

**Question 3:**

Even though this question is supposedly the hardest question on the paper, it was reasonably well answered. The main problems with this question stemmed from some students misunderstanding what 'price skimming' meant. Some students thought it involved setting low prices. A further problem, even with the relatively good responses to this question, was that students struggled to link what they had developed back to Matt & Nat's break-even point. Most students assessed the impact on profitability and, where an attempt was made to link back to break-even, the analysis was less than clear. Thus, only one response was able to access Level 4 in this examination sitting. However, this comment must be framed in the context of a cohort of 19 students.

There was evidence, in this sitting, to suggest that some students prioritise this question and answer it first. This can often be to the detriment of gaining more marks overall through answering the more accessible questions earlier on the examination paper. Centres, perhaps, need to reconsider, the advice they give to students.

## **Paper Summary:**

Based on the exemplars that have been seen by the Principal Examiner, centres and students are offered the following advice:

- Learn the key terms in the specification. This could account for as much as 10% of the marks available on the paper.
- Learn the formulae in the specification and set out 'calculate' questions clearly. Across 8BS01 and 8BS02 at least 10% of the marks available must be quantitative based.
- In 'explain how' questions recognise that 2 of the 4 marks available are for 'application' or 'AO2'.
- Recognise that 8 mark 'Assess two...' questions do not require a conclusion.
- Recognise that 20 mark 'choice' questions will test understanding over both themes, since these questions are synoptic in nature. This is the hardest question on the exam paper. Perhaps there are easier places to secure marks.

